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The Farmers' Movement.

Evening Session, August 24.

THE MOVEMENT IN THE NORTHERN STATES.

BY PROFESSOR S. C. WALKER, OF THE MASSACHUSETTS AGRICULTURAL COLLEGE.

The farmers' industry has increased the supply of agricultural products beyond the demand, with the consequent fall of price. Here is revealed the efficient cause of his pecuniary condition. The trouble, however, is not that the supply is too great, but that the demand is too little. The other producers have not kept up with the tiller of the soil. Of late the prices of many manufactures have fallen correspondingly, but this is offset by the fact that changed conditions of production force the farmer to buy many more tools, fertilizers and other necessities than formerly, so that his total cost of production deducted from the market price of his product leaves him a smaller margin of profit than before. He finds that problems of distribution have not been satisfactorily solved. The farmers' movement is the awakening of these sturdy citizens from engrossment in manual labor to a sense of their duty, first to themselves and then to society. The movement may be slow, it may do much apparent damage, but it is irresistible, and though it may change

the looks of things, in the end its results will prove beneficial. (1) Organizations of farmers are now many and strong, and constantly increasing in numbers, in their field of action, in usefulness and in power. (2) The movement is a widespread and powerful advance along all educational lines. Farmers are a unit in demanding the best education in everything pertaining to the science and art of agriculture, and to the knowledge and practice of manhood. (3) The movement is progressive along the line of coöperation. In time organized and educated farmers will master the difficulties of coöperation so far as it relates to agriculture. (4) Organization, education, coöperation have led to political action, within and without the old parties. From repeated failures farmers are learning how to take care of themselves politically. They press and enforce their demands patiently and persistently, meeting all attacks bravely, believing that wherein their claims may not be for the general good, the conflict with the demands of others will modify and correct them.

Discussion.

Mr. J. P. Clark, of Jamestown: I am a farmer, and have spent all my life on a farm. I think it is an encouraging sign when trained minds give expression to the very thoughts I have heard farmers themselves give expression to for fourteen years. I was secretary of the County Farmers' Grange in this county for four years, and was a member for fourteen years. It is encouraging, at least to the farmers, to see trained minds taking up this matter in their behalf.

Professor Ross: I have heard these farmers' movements ridiculed a great deal, and I want to present one or two thoughts to show how the subject looked to me when I was on a farm. The farmer usually reads a paper not published amidst the wheat fields, but by city men—usually the weekly edition of a metropolitan paper. That is one thing that makes him conservative. He gets his ideas from the city, and hence he is indoctrinated with the aims and politics of the city. The farmers, moreover, live in homesteads one-half of a mile apart, and, with American roads, they are the least likely of all classes of the population to coöperate. Moreover, the farmer has less leisure for discussing matters, and seeing whether he has any wrongs to right. He has not time. The farmer does not have a chance to look into these things. Yet to-day, in spite of the indoctrination of metropolitan papers, of his isolation, conservatism, and his hard work, here comes this last movement. Is it simply a theory, or is there really some wrong prodding him? It seems to me that where there is so much smoke there must be some fire. I do not believe his complaint is all theory; it must rest on fact.

Professor Ely: There are some interesting points of theory that might be mentioned in connection with the farmers' movement. I think it contradicts some of the theories that have been found in the older economic treatises. We can find in many economic works the statement that the farmers will not combine with the wage-workers of the city on account of diversity of interests. But we do find such combinations at the present time, the Farmers' Alliance and the Knights of Labor. You will find it stated

in all the older treatises that the salvation of the country is the farming class, or the peasant class, because it is never revolutionary. It would be interesting to know to what extent the farmers actually endorse the platform of the People's Party and the St. Louis platform. I think the farmers in the South who are members of the Farmers' Alliance do thoroughly endorse these platforms. But the farmer in the North does not, especially the farmer in New England. The majority there would repudiate them altogether. Yet through the West and the Northwest there are many who do virtually maintain many of the points of these platforms.

Mr. Weeks: I noticed that Professor Walker intimated, I think stated broadly, that the farmer bore more than his share of taxation. I never yet have seen proof. I do know that the farmer believes that he bears more than his share of taxation. He does not of state taxation in Pennsylvania, because he pays none. It is borne largely by corporations and by licenses and fees, etc. He pays practically nothing in Pennsylvania for state purposes. In regard to the reduction of the cost of transportation; never in the history of the world has the cost of anything been reduced as the cost of transportation from the West to the East has been in the last fifteen years. I think the average price received for the transportation of freight over the Pennsylvania main line is something like 6-10 of a cent a ton a mile, but I am speaking only from memory. The cost of transportation over some of the great railroads of the West is considerably less than one cent a ton a mile, whereas ten or fifteen years ago it was $2\frac{1}{2}$ cents a ton a mile. I am not as well versed in the transportation of grain

as I am of coal and iron, but I know that we are paying in Pennsylvania to-day three times the amount per ton per mile for the transportation of coal and coke and iron that the farmers are paying for the transportation of grain. For coke that comes to Pittsburg we are paying considerably more than one cent per ton per mile, though the tonnage amounts to five, six, seven and eight millions of tons a year, on freight cars requiring no covering, whereas grain has to be put in and covered, and protected from the rain. I think the rate the Pennsylvania company charges on grain on its line is about one-third what we have to pay on coke in Pittsburg. I fully agree with Professor Ely, that what we want to get at is the facts. I believe that there is abundant ability and patriotism in our legislative halls to correct these evils when they are shown to exist.

Mr. F. C. Waite: Though I was born and raised on a farm, I have not been able to believe that the farm is assessed at a larger per cent. of its value than city property. But it may happen that urban property in flush times rises faster than the realty of farms, whereas during our civil war at certain periods, the value of urban property sank out of existence. It was not so with the farms. The farms held their own, and held it until the mortgages were foreclosed, and then there was a fall in value. With the exception of these fluctuations I have never been able to find anything that indicated that the farmer pays a larger per cent. on his realty. But we hear it said and see it stated in our books on political economy, especially in the foot notes, that the personalty in our cities is increasing much faster than it is in the country. May I say that that is one thing that

has never been proven. Bonds and stocks that represent property that has actually been counted once I say nothing about. The personal property in the country is not, as far as I can find out, a smaller per cent. than the personal property in the cities.

Professor Giddings: The farmer holds views of money, capital and interest, that most of us would pronounce fallacious, because he can not understand the economic principle that interest is not paid for the use of money, but is paid for the use of capital. In recent years the farmer has seen his troubles come upon him in concrete form in the shape of the mortgage, the interest rate and the foreclosure. Many things have conspired to teach him that interest depends on the volume of money. He reads that in Wall Street money loans for such and such rates of interest, and he is not likely to believe that the rate of interest spoken of has nothing to do with money. Not understanding that credit is something that has a great many causes back of it, he does not know why he should not have the same credit that the banker or the railroad president has. I think that economic misinformation (for which the very classes in society that now complain of the farmers' misconceptions are largely responsible) has contributed much towards the present state of things.

Professor Ely: I wish that we possessed more accurate and detailed information in regard to these low freight rates spoken of by Mr. Weeks. Are they offered to the ordinary man for the transportation of his freight, or are they rates which obtain only between the great centres like Chicago and New York for staple articles shipped by large dealers? I never have paid such freights anywhere in Europe as

I have paid in the United States. I had to pay \$90 for a car of furniture from Baltimore to Wisconsin. For the ordinary man living in a town of five or ten thousand inhabitants, I very much doubt if rates are low. I think that the rate of agricultural profit is often lower than the current rate of interest. If it is, have we not an explanation of a very large part of the distress of the farmer? If the farmer buys a farm for \$5,000 and pays \$2,000 down and gives a mortgage for the balance at six per cent. interest, and if the rate of agricultural profit is only four per cent. he has always to work against a rate of interest that is fifty per cent. greater than the rate of agricultural profit. Consequently he must live like a wage earner, not like a land owner. I believe that this explains the distress of the farmer to a very considerable extent, and that, if there were time, I could prove it.

Mr. Weeks: A private individual gets a very much lower freight rate than he imagines. As a matter of curiosity I have been doing a little figuring on the statement of Dr. Ely of his freight from Baltimore to Madison. The distance from Baltimore to Madison is approximately 1,000 miles. A rate of about one-half a cent a ton a mile, would amount to \$100, and he only paid \$90. I think that very much of the complaint about high freight rates will be found to come out in the same way. But I have not so much cared to show that prices are low as to answer Professor Walker's assertion that the railroad men have not met this problem. An engineer said some ten years ago that he hoped to see freight carried over the Pennsylvania road at a minimum rate of eight-tenths of a cent a ton a mile, and he

was laughed at. It is carried at six-tenths of a cent and will be carried lower.

Professor Ely: Of course you must take into account terminal charges.

Professor Ross: It seems to me that the arguments advanced have not touched the kernel of the farmers' argument at all. He does not complain that rates are absolutely high; he insists that they are not proportionate to cost. They are levied on what the traffic will bear and the lowering has not been occasioned by desire to increase business. He insists that the prices of freight, no matter how low they have fallen, are not fixed by the cost of service and that there is still a large element of monopoly. It seems to me that a great cause of the farmers' difficulty is that he is selling at competitive prices and buying a great many things, including transportation, at monopoly prices. There is no doubt that the actual capital invested in railroads in this country is earning a great deal higher interest than farm capital, $9\frac{4}{10}$ per cent. Hudson asserts, while 4 per cent. is probably a good return on agricultural capital. Now why are agricultural profits so low? It has been the policy of this government to help the man who will engage in agriculture for five years by tilling 160 acres of land. The land is given him as a bonus. The tendency has been to bring vast quantities of land rapidly under cultivation, irrespective of the demand for agricultural products, consequently we find prosperity along the western fringe, but declining values in the interior of the country.

Professor Walker: The farmer is pretty well assured that he pays more taxes than the merchant does. In the matter of freight rates the advantage of through

rates is for the middle men, but there is no such advantage for the farmer from his barn to the market.

Professor Commons: I should like to hear some mention made of what seems to me to be the important development of the farmers' movement, namely, the sub-treasury scheme. As far as my knowledge goes, that seems to me to be the most scientific plan put forward by any writer or thinker. As you know, the St. Louis platform provides for the depositing of the farmers' goods in warehouses, and for his receiving loans on short time, which are to be paper money, legal tender. When the farmer is ready to pay his notes he can go and redeem his grain, returning his notes, which are kept by the government in store until the next crop comes. Does not that meet exactly the defect in our currency? At that time of the year when the crops are harvested there is a great demand for money. All the money is in New York City. The farmer must pay high rates of interest because money is actually scarcer in the West than it is in the East. In Canada, where they have a different banking system, I believe it is not so. When this great demand for money arises in the West the effect is to force down the price of the products of the farm just when the farmers have goods to sell, it is claimed 40 per cent. They only get 60 per cent. of what they would get at other times of the year. The sub-treasury will give an elastic currency. I do not want to favor a scheme like this on my own responsibility, but the fact is that this very scheme is in operation, and has been for about six years, in Russia. It is not a new thing even in this country. In colonial times Maryland and Virginia had a sub-treasury plan. They had warehouses

where tobacco could be stored, and the farmer was given a certificate, which was legal tender throughout the colonies. It circulated as money, but it did not represent the faith of the government; it represented goods which were stored, just what the farmer wants to-day. We leave out of account the question of administration—that seems to be the only weakness of the scheme. So far as the scientific principle is concerned, the plan provides for a perfectly elastic medium, and it seems to me that the farmers have got the idea even if they do not know much about money. It seems a very curious idea, but I cannot see that it does not rest on a scientific basis.

Professor Giddings: Perhaps I do not quite understand the sub-treasury scheme of Professor Commons, but I shall certainly admit that there may be a connection between the volume of money in circulation and the rate of interest on short loans if the government is to step in and, through issues of legal tender, secured by crops, substitute its credit for the farmer's individual credit. If the government is to give its credit to the farmer out and out, certainly the farmer ought to be able to get his money at a very low rate of interest. I think we shall all agree that the farmer has mixed his difficulties with his misunderstandings and made a pretty bad compound.

As to the real difficulties themselves, it is my very strong conviction that most of them lie in the farmer, and I think the facts that have been brought out are very good proof of that conviction. We have been told in instance after instance how the farmer has been bled and fooled and fleeced. When is he to get the better of the other fellow? Why, throughout

these long years of his affliction, has he always come off worse in the contest? There must be something wrong in his own make-up, some failing on his part to see what the conditions of life are. I am not saying that the farmer has no grievances. I think that he does not get the same freight rates that other men get, and that he is taxed more than other men are taxed. But there is a reason somewhere why, if he controls more votes than other men control, which we may suppose to be the fact, he is not able to correct these evils. The failing is in himself. If you want to reach the root of the farmers' difficulties, you will have to begin with the farmers' minds.

Professor Gray: This summer I chanced to be at a county-seat when the county board of equalization was equalizing the assessment of property. I happened to know personally most of the members of the board. It chanced that two small cities in the county were largely of one political persuasion. The men who were from the city and used to city ways ran the board. One was a banker and the other one of the ablest of politicians. He had a great deal of conversation with one and another before the board came to order. They would approach the weakest member of the other party and prove to him that his township had been assessed too high. They said: "We will vote to reduce your assessment if you will vote to reduce ours." And with that slight reduction in the county they got a great reduction on all the city property. That was the fault of the farmers! The party in the minority managed things. In the county seat they lowered the real estate 11 per cent. and the personal property 4 per cent. In the richest

agricultural county they increased the assessment 24 per cent.

Professor. Folwell: We are all aware of this discontent of the farmer, and it has shown itself in a very marked degree in the Northwest. It dates a great way back, and is due to a great variety of causes, which have been mentioned by Professor Walker in a proper connection. There was an abundant period all over the Northwest in 1883-4-5, and we all got in debt. Thousands took up farms, and borrowed money to buy tools. Thousands of people spread over Dakota, and where there were acres of rolling prairie there are now hundreds of bushels of wheat for sale. There was real distress, and a considerable number of farmers had to give up their farms. When hard times fall on the farmer he has no recourse. He cannot pass the loss along to the next man. He is right against nature.

Our farmers in Minnesota are Scandinavians. The first generation that went in from twenty-five to thirty years ago were only moderately intelligent. They were very poor and had to learn the language and to adapt themselves to our circumstances. They have changed very materially in the last fifteen years under an admirable system of public schools. Now the young Scandinavians are very bright and quick, and you will hear from some of them before very many years have passed. At the same time a great deal has been done for the education of the farmer by the farmers' organizations, including the Patrons of Husbandry, which have had very able papers in the Northwest. So the farmers have been waking up in the Northwest in the last fifteen or twenty years at a very unexpected rate, and, feeling the hard times,

they have felt that they were not getting a fair share of the wealth of this country. It has happened that there have been some gentlemen interested to encourage this idea and to impress it very vigorously and deeply. Such gentlemen as Mr. Donnelly, have perambulated the state and told the farmers how they were robbed by the bankers and the railroads and the Minneapolis Millers' Association, and robbed by everybody. One of Mr. Donnelly's strong points is watered stock. I believe that there is a great deal to this, and the farmers of Minnesota very generally believe, whether it is a fact or not, that they are paying enormous interest on watered stock in the shape of high tariffs for freight and passengers. Before the inter-state commerce law went into operation in our state the discrimination in tariff rates between non-competing points was outrageous. Railroads would haul a bill of flour from Minneapolis to Chicago for seven cents; from a place sixteen miles nearer to Chicago they charged sixteen cents. The result was that many wheat manufacturers had to quit business. The farmers believe, whether it is a fact or not, that they have been robbed, and they are going to use the power which they feel that they possess to better their condition.

THE DISCONTENT OF THE FARMERS.

BY PROFESSOR EDWARD W. BEMIS, OF THE UNIVERSITY OF CHICAGO.

The farmers of Europe are too ignorant and unambitious to be anything but conservative. Hitherto, since the time of the Gracchi, we have not looked for